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OXC-5636

Copy 2 of 3

20 September 1963

**MEMORANDUM FOR THE RECORD**

**SUBJECT: Concurrence in Contract No. SH-515 with Shell Oil Company, Project OXCART**

1. This memorandum contains a recommendation submitted for concurrence of the undersigned. Such recommendation is contained in Paragraph 6.

2. Contract No. SH-515 covers the procurement of the installation of special fuel facilities at Incirlik AFB, Turkey; Beale AFB, California; and the installation of a hangar and operations room at Eielson AFB, Alaska, together with ancillary equipment and supplies. The detailed statement of work is as set forth in the attached contract. The Government and Contractor have agreed to an estimated cost of \$686,500.00 for the Incirlik installation; \$111,000.00 for Beale AFB and \$230,000.00 for Eielson AFB. Contractor has agreed to do this work without profit, and the final actual costs are subject to audit and price redetermination. However, included in the price and not subject to audit is \$54,900 to cover Contractor's cost of administration, travel, engineering, materials handling and other indirect costs which are not subject to audit. The above figure of \$54,900.00 represents about 5 % of the total estimated cost of all three installations. The Incirlik construction has been subcontracted by Shell Oil Company to its Shell Oil Company in Istanbul, Turkey, also on a redeterminable basis. It is anticipated that an audit and final price redetermination of this major subcontract of approximately \$600,000.00 will be required in the near future. This work is under the technical direction of Colonel H. Wilson, AFISO-S, and Material Division, OSA/DD/S&T, and individuals from these offices will perform final inspection and acceptance. The contract is being issued on a Fixed Price Redeterminable basis and in the event construction costs varies or minor changes are required, the contract ceiling price has been established at 110% to cover such variations.

3. Contract No. SH-515 obligates an amount of \$1,027,500.00, chargeable in FY-64 to Project   Funds. By concurrence to this memorandum the Chief, Budget & Finance Branch, signifies that sufficient funds are available for this obligation.

COST CODE	AMOUNT
X761-0571-0001	\$1,027,500.00

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4. The services and equipment being procured by this Contract No. SH-515 are in furtherance of the OXCART Program, the nature of which cannot be publicly disclosed for security reasons. The undersigned Contracting Officer therefore determines that this procurement must be accomplished by negotiations pursuant to the authority of Section 3(a) of PL 81-110 and Class Determination and Finding, OXC-2122, signed by the DDCI on 25 October 1961.

5. Concurrence in Contract No. SH-515 is recommended.

SIGNED

Contracting Officer, OSA

**CONCURRENCES:**

SIGNED

9/26

DATE

C/BFB/OSA

SIGNED

9/30

DATE

JOHN PARANGOSKY  
D/Tech/OSA

SIGNED

10/2

DATE

CD/OSA-DD/S&T [ ] :sjj

Dist: Cy 1 - CD/OSA-SH-515

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